

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, February 24, 2017 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:31 a.m. Board Members present were John Yeager, Todd Wintters, Demond Dawkins and Bryan Brokaw.

Ex-officio member Mayor Eric Hogue and Assistant City Manager Chris Holsted were present.

City of Wylie Assistant Finance Director Melissa Beard was in attendance.

WEDC staff present was Executive Director Sam Satterwhite and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

Lynn Grimes was present and informed the Board that Taste of Wylie was scheduled for Monday, April 24th at the First Baptist Events Center. She reported that Freddy's Frozen Custard had agreed to Sponsor and participate in the event. The Board was encouraged to attend if they were available.

Ian McGregor was present and introduced himself as a new citizen in our community having lived in Wylie for a year. Mr. McGregor indicated that he was encouraged by Mr. Greiner to attend the meeting and get involved. Mr. Fuller welcomed him and thanked him for attending.

With no further citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the February 10, 2017 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the February 10, 2017 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the January 2017 WEDC Treasurers Report.

Staff introduced Melissa Beard, Assistant Finance Director for the City of Wylie, and thanked her for her assistance in managing WEDC financial records and reporting. Ms. Beard reviewed for the Board the Treasurer's Report and explained that the newly added Statement of Net Position provides the Board with a high-level evaluation of WEDC finances. She explained that in government it is important that

the financials show the current year's revenues and expenditures. Deferred inflows and deferred outflows allow multi-year agreements to be recorded but the not recognized until the year that they occur.

Ms. Beard described that the City/WEDC auditor, Weaver, LLP, is a leader in their industry and is the largest independent accounting firm based in Texas and the Southwest. Weaver was retained following a Request for Qualifications process and has served the City of Wylie for the last 9 years. John DeBurro, who manages our audit, is very well respected in the industry, speaking frequently as a subject matter expert at industry events. He was recently promoted to Partner. Overall, Weaver is an excellent resource for the City and is available all year long to advise and answer questions that ensure transactions are properly recorded.

Ms. Beard reviewed the audit process which begins in August or September of each year. The audit begins with a week auditing Internal Controls that ensures that accounting rules and processes are being followed. In December, Field Auditors conduct a thorough review of the financial transactions that have occurred throughout the year. Ms. Beard noted that Weaver routinely reads all of the WEDC minutes to gain an understanding of the business activity that has occurred and ensure that all activity has been recorded correctly. She also noted that the auditors have commented almost every year that Wylie has a very active EDC, particularly given the size of our City.

Mr. Fuller asked if there was a paper copy of the CAFR we could access. Ms. Beard explained there is an electronic copy of the CAFR available and limited numbers of printed copies are on file at the City Offices, the Library and one reference copy was provided to the WEDC.

Staff covered the highlights of the Treasurers Report noting that sales tax this month was the largest ever recorded. In addition, staff called the Board's attention to the recovery of the December rent on the Kirby property and mentioned that we are now including a lease status report each month in the Treasurers Report.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to approve the January 2017 Treasurers Report for the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – {Remove from Table} Consider and act upon issues surrounding the construction of parking improvements on WEDC property located at 111 N. Ballard.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to Remove Item from Table. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

Staff followed up on a question that arose at the last Board Meeting regarding the addressing for the 111 N. Ballard property owned by the WEDC. In researching the property with the City, it appears the property address is correct but the street name should be S. Ballard not N. Ballard. The City is notifying the County to make that correction in their records.

The design of the parking improvements south of Boyd Recording Studios is soon to be completed and submitted to the City Engineering Department for review. With plans incomplete and construction plans not out to bid, staff requested that this item be Tabled until the next Regular Board Meeting scheduled for March 17, 2017.

Board Member Wintters inquired about how the bid process is handled. Staff explained that the WEDC does not have to follow the same public bid procedures that are required of other public entities but staff does in most all circumstances get three bids for construction projects and of course requires that all contractual documents are reviewed by WEDC Counsel.

MOTION: A motion was made by Demond Dawkins and seconded by Bryan Brokaw to Table this item until the next Regular Board Meeting of the Wylie Economic Development Corporation scheduled for March 17, 2017. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 - Consider and act upon a Performance Agreement between WEDC and SAF-Holland USA.

Staff reminded the Board that Wylie was in competition with a community in Arkansas for this business expansion. The Board directed staff in Executive Session to extend a verbal incentive offer to SAF-Holland to award the expansion to the Wylie facility. The offer was accepted and is being formalized into a Performance Agreement. It was anticipated that the final Performance Agreement would be received from Abernathy's office prior to the Board Meeting, but other priorities prevented its completion. Staff requested that this item be Tabled until the next Regular Board Meeting scheduled for March 17, 2017.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to Table this Item until the next Regular Board Meeting scheduled for March 17, 2017. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon issues surrounding an Agreement between the WEDC and The Retail Coach, LLC for consulting services.

Staff informed the Board that Jason Greiner had developed this item for presentation and consideration by the Board. However, the scheduling of this Board Meeting conflicted with the TEDC Conference in Austin that Jason was registered to attend. Staff felt Jason's presence at this conference was important and is therefore presenting this item in his stead.

Attached for the Board's review was a proposal from The Retail Coach to renew the Retail Consulting services they provide to the WEDC. The program has changed over the years, so the following is a brief recap of the services they provide.

In 2007, the scope of the initial program was to assist the City and WEDC develop marketing materials for the International Council of Shopping Centers (ICSC) Annual Conference. The program was successful and The Retail Coach helped develop custom flyers, demographic data, and even facilitated

meetings with brokers, developers and company representatives at the annual ICSC Conference. The Retail Trade Area demographics, property flyers, and overall marketing strategies were refined/updated in 2008, 2009 and again in 2010.

In 2011, the WEDC signed a new agreement with The Retail Coach. Together, the WEDC and The Retail Coach developed a Restaurant Recruitment Strategy to identify growing concepts and individual retailers that would be an ideal fit for the City of Wylie.

In 2015, the WEDC and The Retail Coach worked together on a more comprehensive Retail Recruitment Strategy. This two-year program was developed to capitalize on the momentum that was gained over the first few years of the partnership. The Retail Coach was 100% responsible for developing the marketing materials, identifying target retailers/restaurants, scheduling face-to-face meetings, and following up with the prospective retailers during the two-year contract period. The program included expanded market analysis, comprehensive demographic & psychographic profiles, retail leakage reports, appointment setting, and overall trade show representation at retail conferences across the country.

Satterwhite commented that it is difficult to identify a specific project that the Retail Coach has been responsible for due to the level of participation that WEDC staff undertakes surrounding retail development. While staff may take the lead in many situations, it is vital to the WEDC recruitment process that full-time professionals represent the WEDC from beginning to end and maximize their relationships with the brokerage community.

Below is a summary of The Retail Coach (TRC) Program:

- Trade Show Representation & Appointments/Meetings
 - ICSC RECon
 - ICSC Deal Making
 - Retail Live!
 - Other Events that TRC attends
 - Developer and Retailer 1-on-1 meetings when possible
- Demographic Research
 - RTA & Demographic updates for 2017
 - Cell Phone Analysis
- Property Flyer Development
 - Updated Retailer Maps
 - Updated Traffic Count Map
 - Updated/New Property Flyers as needed
- Recruitment Services & Outreach Activities/Reporting
 - TRC outreach to Retailers, Developers, etc.
 - Activity updates every two months
 - Will report directly back to WEDC Staff

As was shown on Page 18 of the proposal the project fees equal \$30,000 which establishes a two-year service agreement and secures on-site assistance for scheduling and attending meetings at ICSC RECon 2017 and 2018.

Staff recommended that the WEDC Board of Directors authorize the Executive Director to enter into an agreement with The Retail Coach in the amount of \$30,000 for the creation and implementation of a retail economic development plan.

Board Member Wintters commented on the quality and professionalism of the Retail Coach staff, flyers and presentation material. The content is exactly what developers and prospects are needing to consider Wylie. Wintters felt having this information readily available during meetings at ICSC RECon provides an enormous benefit to the WEDC.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to authorize the Executive Director to enter into an agreement with The Retail Coach in the amount of \$30,000. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon a Performance Agreement between WEDC and All State Fire, Inc.

On December 29, 2014, the WEDC entered into a Performance Agreement with All State Fire Equipment. The Agreement was further Amended in May of 2015 to allow for the date by which a CO was issued to be amended from December 31, 2015 to August 1, 2016. The Board may recall that there was considerable difficulty during the All State loan process due to the appraiser having difficulty identifying comparable sales comps in the area. All State had to put more cash down to offset the appraisal challenges. Construction started in July 2015 with a CO subsequently issued on March 9, 2016.

What staff failed to realize at the time of the Amendment was that Incentive Payment No. 2 of \$20,000 was based upon personal property values coming in at \$215,000 and being included in the required \$1.1 mm cumulative total value of real and personal property. With the CO not issued until March 2016, personal property was still located in Rowlett as of January 1, 2016.

Real property value came in at \$956,445. Had the personal property been located in Wylie as anticipated when the Agreement was originally signed in December 2014, the total valuation would have been \$1.4 mm with the actual personal property value in Rowlett coming in at \$459,950.

Section IV of the Agreement indicates that the incentive payment will be voided if the Performance Requirements are not met. Under the extenuating circumstances, staff would like for the Board to discuss potentially reducing the incentive payment by what would have been generated in property taxes on the actual personal property value of \$459,950 which equals \$6,066. Subtracting the personal property taxes from the total eligible incentive equals \$13,934.

Staff recommended that the WEDC Board of Directors approve an amended Incentive Payment No. 2 of \$13,934 subject to the confirmation that all other performance measures within the Agreement are met.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve an amended Incentive Payment No. 2 of \$13,934 subject to

the confirmation that all other performance measures within the Agreement are met.
The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 7 - Consider and act upon the awarding of a bid to Texas Dirt Contractors for the completion of Sellers Work as identified in the Purchase and Sale Agreement by and Between Wylie Economic Development Corporation and Chick-Fil-A.

As required within the Purchase and Sale Agreement between the WEDC and Chick-Fil-A (CFA), the WEDC is required to construct two deceleration lanes, a mutual access drive, and reconstruct median improvements. As specifically negotiated to offset the cost of an oversized deceleration lane at Cooper Drive, CFA will pay WEDC \$41,000 at closing.

Firms bidding on the job were as follows with their bid amount included:

Tackett Concrete	\$522,320
Bright Excavation	538,000
Texas Dirt Contractors	475,209

Other firms that were contacted but could not bid based upon current workloads were Tri-Con, Holly & Holly, MCG Construction, and GT Construction.

A full set of plans has been submitted to the City of Wylie Engineering Department and approved. Helmberger Associates will provide construction management services until the project is completed.

While Helmberger Associates is familiar with Texas Dirt Contractors work, Mr. Joe Tidwell of the City Engineering Department has overseen several Texas Dirt projects locally and has assured staff everything will be done by the book and monitored closely. The Start Date as identified in the attached Contractor Agreement is March 17, 2017 with the Completion Date April 28, 2017.

WEDC Counsel Mr. Randy Hullett is taking the business points within the Contractor Agreement as attached and placing those terms into a standardized format which Mr. Hullett has indicated more thoroughly protects WEDC interests.

The Board will note that Draw #1 within the Contractor Agreement of \$61,160 is incorrect. Draw #1 in the amount of \$37,400 as reflected in the Exhibit B Draw Schedule is accurate and will be reference within all Contract Requirements as developed by Randy Hullett.

Staff recommended that the WEDC Board of Directors award a bid for infrastructure improvements to Texas Dirt Contractors in the amount of \$475,209, further authorizing the WEDC Executive Director to execute all documentation necessary to effectuate subsequent Contract Requirements as developed by Randy Hullett of Abernathy, Roeder, Boyd, & Hullett.

Board Member Winters noted that the actual amount was \$475,209.68 and asked that the approved amount be amended to reflect that amount.

MOTION: A motion was made by Demond Dawkins and seconded by John Yeager to award a bid for infrastructure improvements to Texas Dirt Contractors in the amount of \$475,209.68, as amended, and further authorizing the WEDC Executive Director to execute all documentation necessary to effectuate subsequent Contract Requirements as developed by Randy Hullett of Abernathy, Roeder, Boyd & Hullett. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 8 - Consider and act upon the ratification and approval of a Real Estate Contract between Patsy Joe McMillan, Margaret McMillan and the WEDC.

As directed by the Board in Executive Session, staff executed a Real Estate Contract to purchase 0.26 acres from the McMillan family located near the northwest corner of Jackson and Oak. The negotiated purchase price is \$75,000.

The property can be used to either compliment an adjacent City-owned parking lot or be used independently for commercial development.

Outside the terms of the attached Contract, staff is working with the McMillan family to have the existing home demolished prior to the WEDC taking ownership. This approach will be beneficial to the WEDC in that staff will not have to oversee a contractor or be liable for any issues which may arise out of the demolition process.

Staff will bring an amendment to the Contract for Board approval at a future meeting detailing the terms of the proposed change which is well within the 120-day due diligence period.

Staff recommended that the WEDC Board of Directors ratify and approve a Real Estate Sales Contract between Patsy Joe McMillan, Margaret McMillan, and the WEDC.

MOTION: A motion was made by Bryan Brokaw and seconded by John Yeager to ratify and approve a Real Estate Sales Contract between Patsy Joe McMillan, Margaret McMillan and the WEDC. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 9 – Staff report: review issues surrounding WEDC Performance Agreement Summary, the Environmental Activity Summary, WEDC Financial Audit, Wylie Days, Collin County Days, Highway 78 WEDC Pad Sites, Promotional Activities, and regional housing starts.

WEDC Performance Agreement Summary

Attached for the Board's review was a summary of all outstanding Performance Agreements including: ACG Texas LP, Ascend Custom Extrusion, All State Fire Equipment, B&B Theatres Operating Company, Clark Street Development, Dank Real Estate, Exco Extrusion Dies, Freudiger Holdings,

Getset, KREA Acquisition, Mil-Tib, McClure Partners, Patna Properties, Ronald P. and Carole A. Trout, T.W. Snider, VIAA Properties, Von Runnen Holdings, Wedge Corporation, and Woodbridge Crossing.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through December 2016 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$4,032,045.23 in reimbursement has been earned through January 2017 with net receipts of \$3,260,088.03 after reimbursements. As well, it is estimated that \$4.1 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD). As shown on the Sales Tax Reimbursement Report, \$142,917.21 was generated in sales tax in November 2016 versus \$126,607.23 in November 2015. This represents 12.9% increase over 2015 receipts.

Environmental Activity Report

Attached for the Board's review was a spreadsheet tracking all activities with W&M Environmental for FY 2014-15 and FY 2015-16. W&M has prepared Phase I & II reports for Mann Made, K&M, Business Way, 111 N. Ballard, 908 Kirby, 201 Industrial Court, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City.

WEDC Financial Audit

Excerpts from the Comprehensive Annual Financial report were provided for the Board's review. Staff has only included excerpts due to the report being 136 pages. All references to the WEDC have been highlighted. As well, Mrs. Melissa Beard, Assistant Finance Director, spoke earlier in the meeting to review the Audit and WEDC financials.

Wylie Days

On February 8-9, representatives from the City Council, WISD Board of Trustees, City & ISD staff, Chamber of Commerce, WEDC Board & staff, and Oncor traveled to Austin to meet with State Legislators and address issues of local interest up for consideration this Session. As this event evolves, a greater effort will be made to encourage concerned citizens outside of the above identified entities to attend and display a broad range of interest in the decisions made by our local elected officials in Austin

Collin County Days

On March 28-29, a larger "Collin County" contingency will travel to Austin to accomplish the same goals as the Wylie event but from a County perspective. A much smaller group from WEDC, Chamber and WISD will attend with Council having a previously scheduled Council Meeting.

Highway 78 WEDC Pad Sites

Ground water samples are currently being taken from the WEDC property with results expected on 2-23-17. With soil samples already in hand, the VCP application should be prepared and sent to the TCEQ the week of 2-27. Assuming the application is complete, the TCEQ will issue a case number within 60 days of receipt and at that time the site officially becomes enrolled in VCP.

Promotional Activities

As reported regularly, the WEDC has a ¼ interest in Maverick's Season tickets for the 2016-17 Season. A spreadsheet tracking the use of those tickets was attached for the Board's review.

Regional Housing Starts

Fifteen homes were permitted in Wylie for the month of January 2017. Sachse, Lavon, Murphy permitted a combined nineteen over the same period with Inspiration permitting ten over the same period.

No action was requested by staff for this item.

ITEM NO. 10 – Discuss issues surrounding a proposed mixed use concept on WEDC property located on Jackson Street between Oak and Marble.

Staff has encountered difficulty in marketing the WEDC property on Jackson Street for the envisioned mixed use project. The common response of potential developers is project cost versus the limited income producing square footage. In December staff requested that Pulliam Construction Management (PCM) evaluate the concepts developed by McCarthy Architecture for construction costs and potential income.

As a review, there were three schemes developed by McCarthy identifying different structural configurations and retail/living unit densities. The summary of each concept follows with the concept plans attached:

Scheme A:

Retail	21,820 square feet
Dwellings	34,462 square feet - *41 units
Parking Deck (2 nd floor)	15,581 square feet
Parking Required	137 **
Parking Provided	116 ***

* Dwelling units identified are predominately 800 square feet

** 32 existing parking spaces currently being utilized for downtown will be lost

*** Not including 24 spaces on west side of Jackson and 21 public parking spaces at Oak & Jackson

Scheme B:

Retail	16,531 square feet
Dwellings	59,989 square feet - *66 units
Parking Deck (2 nd floor)	39,485 square feet
Parking Required	173 **
Parking Provided	190 ***

* Dwelling units identified are predominately 800 square feet

** 32 existing parking spaces currently being utilized for downtown will be lost

*** Not including 24 spaces on west side of Jackson and 21 public parking spaces at Oak & Jackson

Scheme C:

Retail	21,272 square feet
Dwellings	34,646 square feet - *41 units
Parking Deck (2 nd floor)	39,485 square feet
Parking Required	135 **
Parking Provided	127 ***

* Dwelling units identified are predominately 800 square feet

** 32 existing parking spaces currently being utilized for downtown will be lost

*** not including 24 spaces on west side of Jackson and 21 public parking spaces at Oak & Jackson

In refining PCM's task, staff made the assumption that the ultimate goal is to generate as much residential density as possible. Under that assumption PCM was instructed to start with Scheme B in identifying construction cost along with annual revenue/expense projections as follows:

Construction Cost	\$14.3 mm
Revenue	\$964,883
Debt Service	\$716,267
Overhead	\$650,472
Cash Flow	(\$498,344)

Another factor impacting the analysis is that there is no basis for land cost which must be factored in at market rates. In evaluating areas of concern as relating to construction cost, \$2.2 mm alone is estimated for the parking deck which is difficult to offset with limited density and similarly impacts Schemes A&C.

Following the realization that Scheme B will be difficult for a typical investor to undertake, staff requested that PCM identify project specifications which may have a better opportunity to cash flow which was presented as Scheme D and is as follows:

Scheme D:

Retail	4,000 square feet
Dwellings	22,400 square feet - *22 units
Parking Deck (2 nd floor)	n/a
Parking Required	58 **
Parking Provided	90 ***

* Dwelling units identified are 10 @ 800 square feet and 12 @ 1,200 square feet

** 32 existing parking spaces currently being utilized for downtown will be lost

*** not including 24 spaces on west side of Jackson and 21 public parking spaces at Oak & Jackson

Construction Cost	\$3.5 mm
Revenue	\$327,200
Debt Service	\$160,080
Overhead	\$167,518
Cash Flow	(\$33,118)

Under Scheme D, the retail/office space could potentially be supported without changing traffic patterns due to its orientation toward Marble, the existing 32 spaces of parking could be accommodated on site without having to utilize the 'City' parking lot at Oak and Jackson, and the 'City' parking lot could potentially be redeveloped with a commercial use without the need for the parking it provides. The scaled-back Scheme D also allows for the commercial development of the McMillan property since on-street parking on the west side of Jackson will support its commercial use.

Staff is not prepared to fully abandon the concepts developed by McCarthy (in conjunction with staff), but there appears to be a wide gap between what we want and what can actually be delivered by the investment community.

No action was requested by Staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:56 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Ballard and Stone

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2015-12a
- Project 2016-10a
- Project 2017-1a
- Project 2017-2a

Section 551.071 (Consultation w/ Attorney) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). A governmental body may not conduct a private consultation with its attorney except:

- (1) When the government body seeks advice of its attorney about:
 - (1) pending or contemplated litigation; or
 - (2) a settlement offer, or
 - (2) of a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
- Receipt of a complaint from Mark Winnubst and Latrice Andrews of Sheils Winnubst, PC.

Mayor Hogue left the meeting at 9:01 a.m. and returned at 9:03 a.m.; left again at 9:05 a.m. and returned at 9:28 a.m.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 9:29 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 9:29 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director